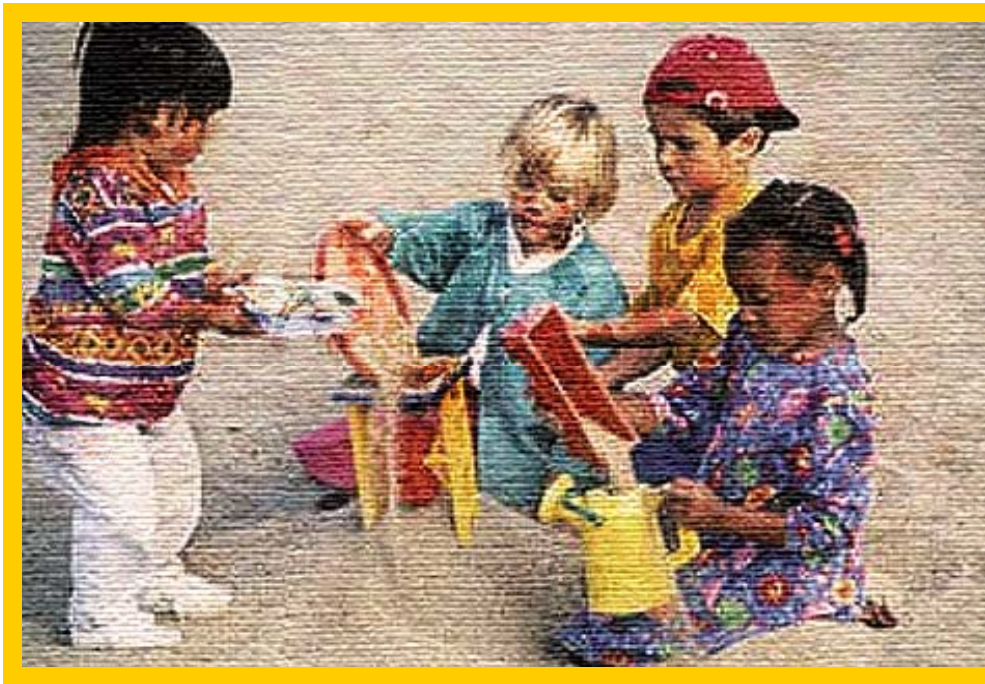


# Fiscal Year 2007 Proposed Budget City Council Budget Workshop



Gerald R. Miller, City Manager

August 15, 2006





# Fiscal Year 2007 Proposed Budget

- **City Manager's FY 07 Proposed Budget**
  - All Funds
  - General Fund
  - Optimization
  - Performance Management
  - Financial Strategic Plan: FY 08 and Beyond



## Fiscal Year 2007 Proposed Budget

- **A New Day in Long Beach**
  - From Fiscal Crisis to Stability
  - From Downsizing to Directed Investments
  - From Subsidies to Cost Recovery
  - From Organizational Management to Performance Management
  - From Short-term Solutions to Core Long-term Investments



# Fiscal Year 2007 Proposed Budget

- **Guided by City Council's Priorities**

- Structurally Balanced Budget
- Reduce Crime, Particularly Violent Crime
- Improve Transportation System
- Promote Economic Development
- Environmental Stewardship
- Workforce & Business Development
- Promote Neighborhood Quality of Life
- Enhance Community Involvement
- Enhance Public Health Programs
- Quality Housing Development



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## Fiscal Year 2007 Proposed Budget

- **Supported by City Council's Financial Policies**
  - Structurally Balanced Budget
  - Report on How Budget is Balanced
  - General Fund Reserves
  - Use of One-time Revenues
  - Use of New Discretionary Revenue
  - Accounting and Financial Reporting
  - User Fees and Charges
  - Grants
  - Long-term Financial Planning
  - Debt Issuance



## Fiscal Year 2007 Proposed Budget

- **Informed by Extensive Community and Employee Outreach**
  - Over 40 Community Meetings – April to July
  - 8 Monthly Budget Oversight Committee Meetings
  - City Council Budget Workshop – June 13
  - Budget 101 Workshop – June 19
  - Citywide Budget Summit IV – July 8
  - 9 City Council Budget Workshops and Hearings – Scheduled for August and September



# Fiscal Year 2007 Proposed Budget

- **Makes Investments in Core Services**
  - Protects Funding for:
    - ✓ Residential Streets and Slurry Seal
    - ✓ Code Enforcement and Graffiti Abatement
    - ✓ Sidewalks, Curbs and Gutter Repair
    - ✓ Critical Facility Repairs
    - ✓ Recreation Programs, Youth and Senior Services
  - Increases Funding for:
    - ✓ Neighborhood Beautification
    - ✓ Storm Drains and Physical Improvements
    - ✓ Development Services and Business Assistance
  - Continues to Dedicate 2/3rds of General Fund to Public Safety
  - Does Not Reduce Library Services – Provides Additional Resources for New MacArthur Branch Now Under Construction



# Fiscal Year 2007 Proposed Budget

## Mac Arthur Branch Library Construction

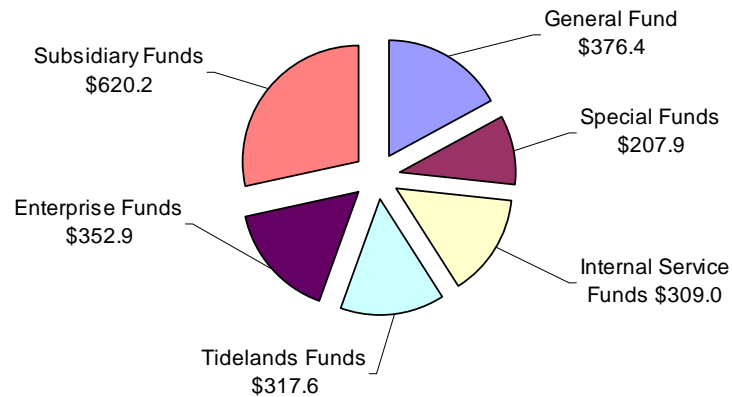




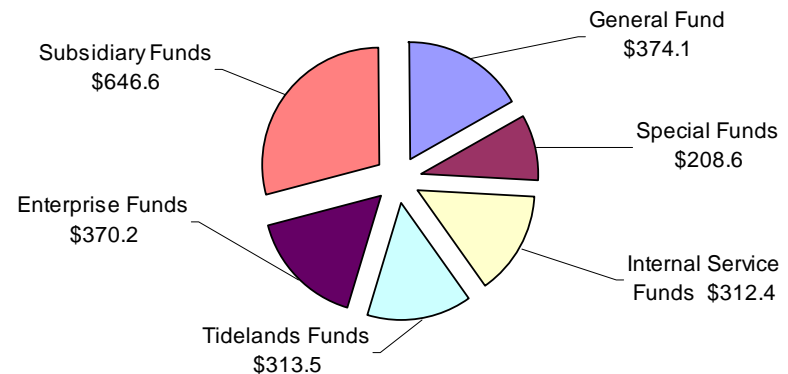
# Fiscal Year 2007 Proposed Budget

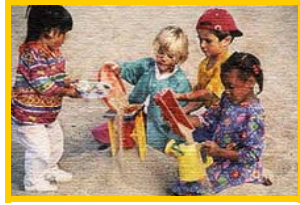
## Proposed Revenue and Expenses- All Funds

**FY 07 Proposed Revenues  
All Funds (in millions)  
(Total = \$2,183.9 million)**



**FY 07 Proposed Expenditures  
All Funds (in millions)  
(Total = \$2,225.5 million)**





## Fiscal Year 2007 Proposed Budget

- **General Fund: Balanced and Strong**
  - Final \$10 million of Structural Deficit Eliminated
    - ✓ General Fund is Structurally Balanced
  - \$1.7 million Fund Balance Carried Over from FY 06
  - Projected Revenue of \$376.4 million
    - ✓ \$10.7 million is One-time Resources
  - Supporting \$374.1 million in Programs and Services
    - ✓ \$10 million is One-time Expenditures



## Fiscal Year 2007 Proposed Budget

- **Eliminating the Structural Deficit**
  - Budget Savings Through Optimization
    - ✓ Improvements in Employee Health Benefits, Reprographics and Helicopter Maintenance
  - Appropriately Allocate General Fund Costs
    - ✓ New Development Services Fund
    - ✓ Park's Tidelands-related Costs to Tidelands Fund
    - ✓ Community Development Administrative Costs
    - ✓ Full Cost Allocation for Police and Fire Services to Enterprise Funds
  - Increased Cost Recovery Through New and Adjusted Fees



# Fiscal Year 2007 Proposed Budget

Financial Strategic Plan - Update  
(in millions)

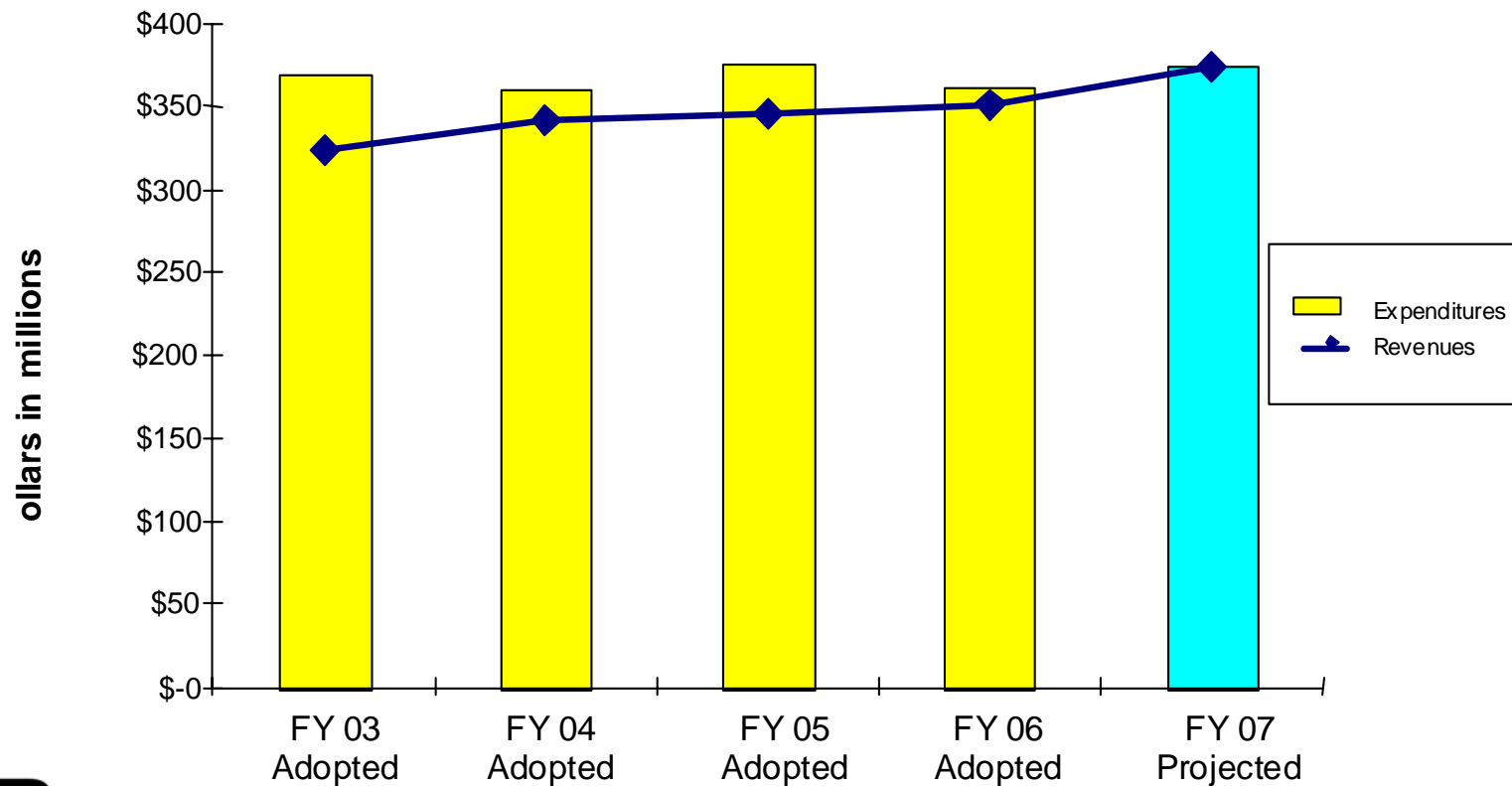
	FY 04	FY 05	FY 06	FY 07*
Structural Budget Gap	\$60	\$39	\$3	\$ -
Prior Year Deficit	-	19	29	10
Cost Reductions	28	22	16	7.4
Revenue Adjustments	<u>13</u>	<u>7</u>	<u>6</u>	<u>2.6</u>
Remaining Structural Deficit	\$19	\$29	\$10	<b>\$0</b>

\*Proposed



# Fiscal Year 2007 Proposed Budget

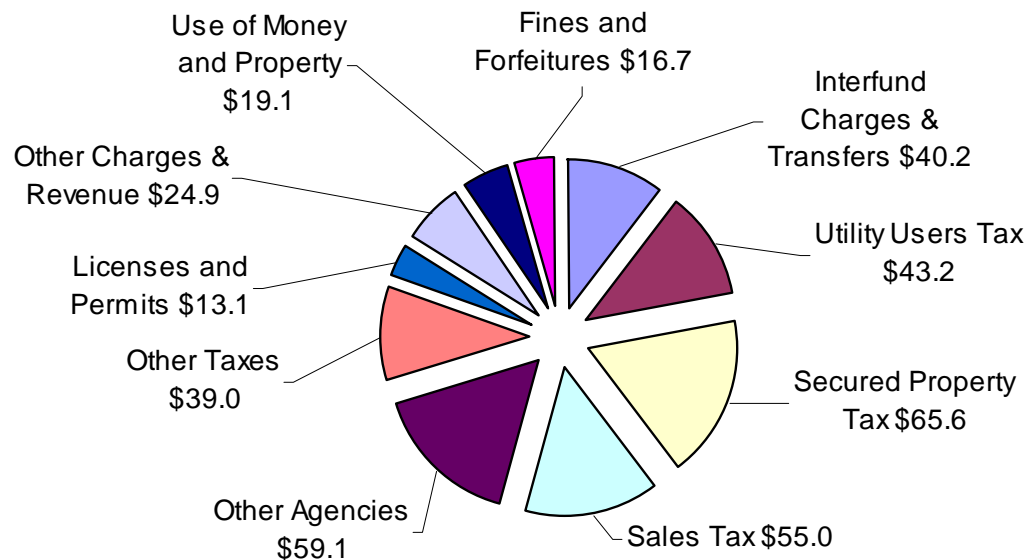
## The Plan Worked





# Fiscal Year 2007 Proposed Budget

## FY 07 Proposed Resources General Fund (in millions) (Total = \$376.4 million)





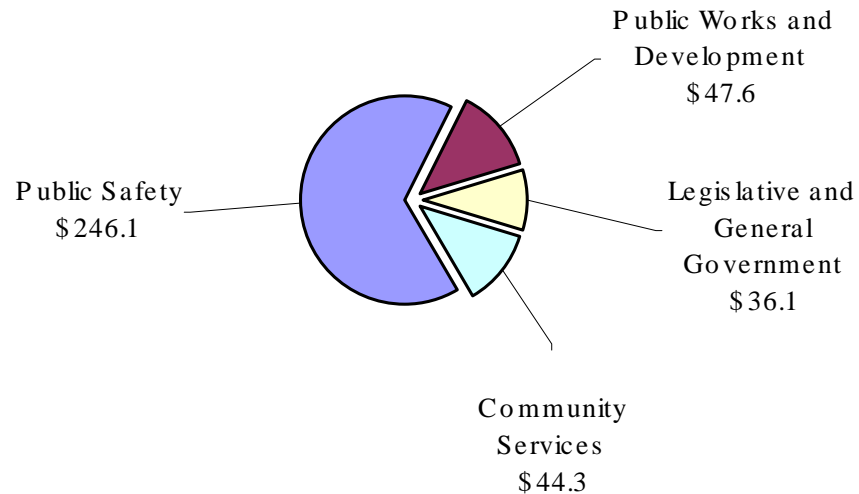
## Fiscal Year 2007 Proposed Budget

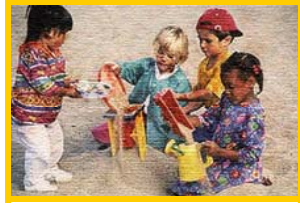
- **FY 07 Projected Resources**
  - \$10.7 million of \$376.4 million is One-time
    - ✓ Proceeds from Sale of City Property (\$8.7 million)
    - ✓ Payments for FY 05 Safety Services (\$1.5 million)
    - ✓ Reserved Funds for MacArthur Branch Materials (\$300,000)
  - Major Revenues Represent 53 Percent of Total
    - ✓ Property Tax (\$65.6 million)
    - ✓ Sales and Use Tax (\$55 million)
    - ✓ Utility Users Tax (\$43.2 million)
    - ✓ Vehicle License Fees (\$37.2 million)



# Fiscal Year 2007 Proposed Budget

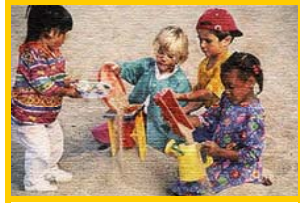
## FY 07 Proposed Expenditures by Category of Service General Fund (in millions) (Total = \$374.1 million)





## Fiscal Year 2007 Proposed Budget

- **Proposed \$10 million in General Fund One-times Expenditures:**
  - Residential Streets and Slurry Seal (\$1.3 million of \$5.1 million)
  - Critical Facility Repairs (\$1.75 million)
  - Storm Drain and Other Physical Improvements (\$1.4 million)
  - Performance Enhancing Technology (\$2.7 million)
    - ✓ 311 Citywide Citizen Request Management System
    - ✓ Performance Management System
    - ✓ Additional Public Safety Radio Capacity
  - Park Tree Management (\$500,000)
  - Materials and Equipment for New MacArthur Branch Library (\$300,000)
  - ADA Infrastructure Reserve (\$50,000 of \$250,000)



## Fiscal Year 2007 Proposed Budget

- **New Investments Responsive to City Council Priorities and Community Requests**
  - 8 Additional Police Officers Added to Port, New Organizational Review Unit and Park Ranger Program
  - Pine Avenue Camera Staffing and Support
  - Basic Life Support Program Extended
  - Second Police Academy; Fire Recruit Academy Expanded
  - Community Beautification Program Initiated
  - Economic Development Programs Expanded
  - Dog Breeding Ordinance Enforcement
  - Increased Supervised Recreation Hours at Admiral Kidd Community Center



## Fiscal Year 2007 Proposed Budget

- **Successful and Continuing Optimization Efforts**
  - Code Enforcement
  - Workers' Compensation
  - Fleet Operations
  - Fire Services
  - Crossing Guard Operations
  - Towing and Lien Sales
  - Technology Services and Reprographics
  - Ambulance Billing
  - Custodial Services



# Fiscal Year 2007 Proposed Budget

- **Proposed FY 07 Optimization Efforts**
  - Citizen Request Management System (311) Design
  - Going Green - Alternative Energy Solutions for Facilities
  - Workforce Hiring and Retention
    - ✓ Including Police Officer Recruitment and Retention
  - Financing Health and Human Services
  - Graffiti Abatement
  - General Billing and Collections
  - Senior Services – Senior Master Plan Implementation
  - Marina Operations



## Fiscal Year 2007 Proposed Budget

- **Citizen Request Management System (311)**
  - 311 Promotes Accountability
  - One-Stop Easy Customer Access to City Services
  - Assigns Clear Responsibility for All Customer Requests
  - Provides City With Tools to Track, Analyze and Monitor Customer Service Requests
  - Provides Comprehensive Performance Data Showing Workload Trends and Response Times
  - Provides Customers With Service Request Tracking Information
  - Design and Implementation Plan Developed in FY 07



## Fiscal Year 2007 Proposed Budget

- **Focus On Results (FOR) Long Beach Gives City the Tools to:**
  - Anticipate and Plan for Challenges and Opportunities Over next 2 – 5 Years
  - Plan and Budget for Future Based on Community's Priorities
  - Continuously Improve Services Provided to All Customers
  - Produce Better Results for People Who Live, Work and Play in Long Beach
  - Increase Accountability at All Levels of Organization
  - Evolve Focus of Organization from "Outputs" to "Outcomes"



## Fiscal Year 2007 Proposed Budget

- **Performance-Based Program Budget in FY 07 for All City Manager Departments**
  - Budgets Reflect Departmental Strategic Plans
    - ✓ Based Upon Input From Stakeholders and Customers
    - ✓ Significant Issues, Strategic Objectives, Program Purpose Statements, Performance Measures
  - Department Budgets by Program
  - Clearly Identified Purpose and Services by Program
  - Critical Performance Measures to Continually Evaluate Program Results for Community
  - Improved Transparency and Readability



## Fiscal Year 2007 Proposed Budget

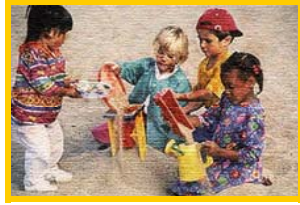
- **Financial Strategic Plan: Positioning for the Future**
  - City Must Maintain Multi-year Approach
  - With Utility Users Tax Rate Stable and Prop. 1A Protection, Steady Positive Growth in Recurring Revenue Expected
  - Future Annual, On-going Costs in FY 08 and FY 09
    - ✓ Negotiated Salary Increases (\$10.6 million)
    - ✓ Infrastructure Allotment (\$1.8 million)\*
    - ✓ Liability Insurance Increases (\$900,000)
  - Larger Liabilities On Horizon



\*Per City Council Financial Policy *Use of New Discretionary Revenue*

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# Fiscal Year 2007 Proposed Budget

## Financial Strategic Plan – FY 07 to FY 09

<u>Fiscal Year</u>	(in millions)		
	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>
<b>Proposed/Projected Structural Revenue</b>	<b>\$365.7</b>	<b>\$373.9</b>	<b>\$383.3</b>
<b>Proposed/Projected Structural Expenditures</b>	<b>\$364.1</b>	<b>\$371.1</b>	<b>\$375.0</b>
<b>Proposed/Estimated Structural Surplus/(Deficit)</b>	<b>\$ 1.6</b>	<b>\$ 2.8</b>	<b>\$ 8.3</b>
<u>Projected Potential Future Cost Increases</u>			
Estimated Police Officers' Salary Adjustment to Median in FY 10			\$10-\$15
Estimated Annual Debt Service on City Hall Seismic Retrofit			\$3.5
Estimated Annual Set-aside to Fund GASB 45 Liabilities			\$2.5
Fire and Misc. Employees Negotiations in FY 09 (cost per each 1% increase)			\$1.5

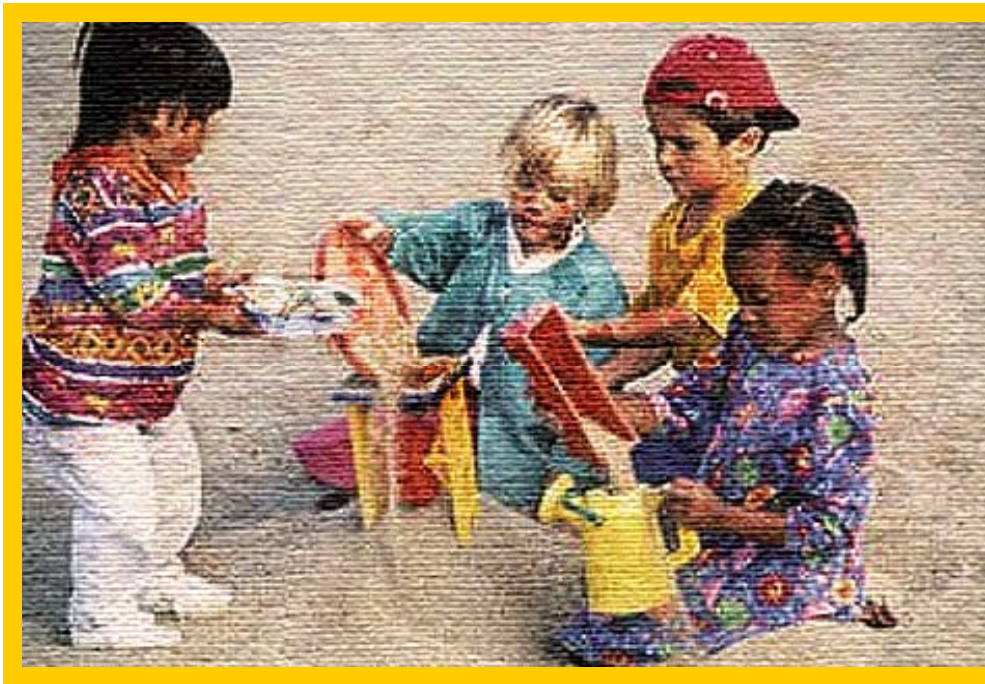


## Fiscal Year 2007 Proposed Budget

- **Therefore, Must Maintain Fiscal Discipline**
  - Adhere to City Council Financial Policies
  - Continue to Optimize Organization
  - Use Performance Management to Improve Services
  - Continue to Focus on Cost Recovery Efforts
  - Create Prudent General Fund Reserves
    - ✓ GP Emergency Reserve = 10 Percent (\$36 million)
    - ✓ Infrastructure Reserve = Goal 10 Percent (\$200,000 or 0.5%\*)
    - ✓ Operating Reserve = Goal 10 Percent (\$200,000 or 0.5%\*)

\*Proposed in FY 07

# Fiscal Year 2007 Proposed Budget City Council Budget Workshop



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August 15, 2006

